

# VIETNAM'S COSMETICS INDUSTRY & PERSONAL CARE MARKET

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## I. MARKET OVERVIEW

### 1. Market value:

Vietnam's cosmetics market is rather young, yet is one of the most dynamic in the region. As living standards in Vietnam grow, Vietnamese consumers are becoming more aware of personal care and beauty products besides satisfying basic needs.

According to a survey by Q&Me, in 2022, Ho Chi Minh City has the most cosmetic stores with 59 stores. In addition, there are about 29 stores in cities other than Hanoi and Ho Chi Minh City. HCM. Up to now, the country has nearly 100 stores, not to mention online stores..

With a market value of up to **US\$ 2.3 billion in 2021**, and grow at a 5.9% compound annual growth rate through 2025, according to Statista.com, cosmetics products are big business in Vietnam.

Particularly, Vietnam's skin care product market size totaled in value at US\$850 million in 2019 and is anticipated to reach US\$1.9 billion by 2027, indicating a CAGR of 11.7 percent during the 2021-2027 period.

### Revenue over the years in US\$ (millions):

Year	Eyes	Lips	Face	Natural Cosmetics
2019	141.7	112.9	103.7	49.5
2020	142	112.9	103.1	49.3
2021	153.5	122	110.9	53.2
2022f	165.4	131.5	119.3	57.4
2023f	177.6	141.4	128.3	61.9

Source: Statista

**Eye and lip** products are the two most dominant sectors of the market, generating over a US\$100 million annually since 2018. The natural cosmetics sector is a weaker performer, yet holds immense growth potential in the medium term. Indeed, more people are shifting their focus to **clean, organic, and herbal ingredients**, which are believed to be both healthy and eco-friendly compared to chemical-based cosmetics.

## 2. Korea wave impact:

Growing disposable income, evolving beauty standards, the spread of social media, and the Korean wave all contribute to the soaring demand for beauty products in Vietnam.

South Korea is renowned for its skincare and makeup regime. Korean idols and influencers add fuel to self-care trends in Vietnam through social media, campaigns, advertisements, and beauty blogs.

## 3. Foreign brand / Vietnam's importation:

Vietnam's importation of beauty products was worth around US\$950 million in 2019. The most prominent imports include **facial cleansers, facial moisturizers, lipsticks for women, and grooming/shaving products for men.**

Vietnam is a hotspot for foreign cosmetics brands with up to **93 percent of personal care products imported.** South Korea is the dominant cosmetics exporter to Vietnam, followed by Europe, Japan, Thailand, and the US. Other exporters of beauty and personal care include Singapore and China.

Country	Cosmetics import market share
South Korea	30%
The EU	23%
Japan	17%
Thailand	13%
The US	10%

*Source: US Department of Commerce*

Foreign players' dominance in the market is mainly due to the Vietnamese's preference for imported products. Vietnamese consumers perceive foreign brands as having higher quality and a wider variety of products that can cater to individual needs.

The opening of various retail chains like Watsons, Guardian, and new players like Pharmacy and Matsumoto, has increased the reach of imported cosmetics products to middle-class and affluent consumers in Vietnam.

Meanwhile, recognizing the potential of the young, yet budding market of Vietnam, major and high-end foreign cosmetics companies have either opened representative offices or sold through agents and distributors such as:

- Unilever: constituting up to 12 percent of the market, famous brand: Pond's
- Beiersdorf Vietnam: Nivea
- LG Vina Cosmetics: Ohui (high-end), The Face Shop
- AmorePacific Vietnam: Laneige, Innisfree

- L'Oreal Vietnam Co Ltd: L'Oreal

### 1. Overview of Cosmetics & Personal Care Industry in Vietnam

Size of Vietnam cosmetics and personal care market

2016 2017 2018 2019 2020 2021

• CAGR: Compound annual growth rate

Structure of the retail distribution of cosmetics and personal care products

**84%**  
have a store

**16%**  
no store

In Vietnam, the cosmetics & personal care market is still dominated by foreign companies & brands

### 2. Cosmetics & personal care

**Products for makeup**

- Consume

The market of makeup products in Vietnam is in a boom period

- Structure of retail distribution channels

**72.6%**  
have a store

**27.4%**  
no store

The appearance of Vietnamese brands

- Prospects

Sales forecast for makeup products, 2021 - 2026: CAGR ~ 12%/year

### Shampoos, conditioners and hair care products

- Top retail brands of shampoos, conditioners and hair care products

- Prospects

The market for shampoo, conditioner and hair care products in Vietnam will gradually recover in the coming years.

- Structure of retail distribution channels

**90.8%**  
have a store

**9.2%**  
no store

### Toothpaste and oral care products

- Top retail brands of toothpaste and oral care products

- Prospects

The market for toothpaste and oral care products in Vietnam is forecasted to continue to grow sustainably in the coming years.

- Structure of retail distribution channels

**90.6%**  
have a store

**9.4%**  
no store

### Shower gels, cleansers and skin care products

- Top retail brands of skin care products

- Prospects

The market for shower gel, facial cleanser and skin care products in Vietnam will gradually recover and grow strongly in the coming years.

- Import turnover of shower gel, facial cleanser and skin care products grew strongly

Source: [Virac report](#) - Q2-2022

#### 4. Vietnam domestic brand:

Domestic brands only represent less than **10 percent** of total consumption. Domestic brands **mainly focus on affordable, lower-end products** that compete on price.

Some domestic brands like Thorakao, Saigon Cosmetic, Lana, Sao Thai Duong, and a new player, Cocoon, have gained some degree of reputation.

## II. OPPORTUNITIES

- Minimalist Skincare
- Organic; Herbal; Natural Products ( ex: Tremella mushroom extract)
- Home Treatment for Skin Problems with high-tech device
- Whitening product: Glutathione ingredient
- Reduce "Stress" For The Skin, against the pollution ( or having the Cannabidiol ingredient)
- Protect Skin , with ingredients that help restore and strengthen the skin barrier, against pollution: pennywort; oats, ceramides; peptides; vitamin B5, Ectoin; Allantoin; Panthenol; Squalane oil; Urea; Omega oils; strains of beneficial bacteria, etc.
- Skin Care With Natural Fermented Cosmetics
- Full Body Skin Care
- Anti-Aging Cosmetics
- Product for Mesotherapy

Vietnamese people are becoming more health-conscious, and are paying close attention to the **ingredients** of beauty products in the market. They also search for the products with treatment mainly for skin problems such as **acne, large pores and dark circles under the eyes**. This has opened up new opportunities for cosmetics companies wishing to extend beyond their current scope or newcomers wishing to enter Vietnam's cosmetics and personal care market.

The local consumer mindset is changing, with exceptional concern about the quality of personal care products, especially for Generation Z. Hence, **organic and herbal products** are likely to see immense growth in the beauty market. Big players are already making the change. L'Oreal, the market leader, has launched their popular Inoa hair dye which they claim to be oil-based and ammonia-free while Nivea by Beiersdorf has also introduced their natural skincare line.

Local distributors interviewed by the Commercial Service in Vietnam say there are a number of products they are looking to add to their line up in the near future. One distributor is looking for natural and organic cosmetics and skin care products for men and children. Another distributor is looking for cosmetics and skin care products with catchy packaging. A third distributor is looking for skin cleansing masks, body wash, cotton balls, bandages & wound aid.

### III. CHALLENGES FOR NEW AND CURRENT PLAYERS

One big hindrance is that the cosmetics market in Vietnam is rather **young and unstable**.

One big driver behind the high demand for cosmetics products is the **Korean wave**. However, Korean trends alternate radically from time to time, which has made the cosmetics market in Vietnam vulnerable to instability. Besides, the cosmetics market is also significantly influenced by Korean celebrity endorsements. Endorsing one product over another carries weight and influences the sales of products, adding to a company's challenges.

Another challenge in the market is that it is highly **price sensitive**. Since a large proportion of consumers are young people with a lower income, they tend to go for products of the lower end rather than high-end products. To compete, it is important that cosmetics and personal care companies set their price range as close as possible to the buying power of Vietnamese consumers. According to Nielsen, the level of spending in cosmetics of Vietnamese is not high, more for makeup and skincare, with an average of VND 450,000 – VND 500,000 (US\$19 – US\$21) monthly .

Vietnam's cosmetics market also holds challenges for Western brands due to **consumers' stereotypes**. Consumers believe Asian-made products are a better suit for their skin type than European-made products owing to physical differences.

However, the problem can be alleviated as long as Western brands show a strong commitment to quality since Vietnamese consumers are more concerned with quality ingredients.

### IV. VIETNAM TARIFF

It is worth noting that Vietnam imposes a **10-27 percent tariff rate** on cosmetics and personal care products while **VAT is 10 percent**. The import duty of beauty products is calculated on the CIF (cost, insurance, freight) value of each shipment. This tariff line is **fairly high** compared to other countries in the region.

High import duty has driven up the prices of most imported beauty products. Consumers have to spend at least US\$3.42 (VND 80,000) to get an average shampoo product in Vietnam while in Germany the same shampoo product costs around US\$2 (VND 46,000).

In light of such disparity in price range, Vietnamese spending on cosmetics and self-care products is even higher than consumers of developed countries. This implies Vietnamese consumers' willingness to pay for high-quality products as well as high demand for beauty products – an opportunity for investors to look into this young, yet hungry-for imported products, market.

## V. BASIC REQUIREMENTS WHEN EXPORTING COSMETICS TO VIETNAM

The Drug Administration of Vietnam (DAV), under the Ministry of Health (MOH), regulates cosmetic product registration. Every exporter and importer are required to obtain relevant certificates from these government bodies. All imported cosmetics and personal care products must be registered with the MOH.

Under Vietnamese law, only business entities registered in Vietnam that have an import license are eligible to distribute cosmetics in Vietnam. Therefore, when entering Vietnamese market, foreign cosmetics suppliers must establish a **local office** or appoint **local distributors**. Typically, foreign suppliers choose to sell through **local distributors** since they offer immediate access to the customer network and knowledge about pertinent regulations.

Foreign manufacturer or brand owner need to prepare also documents including evidence of **Good Manufacturing Practices**, a **Certificate of Free Sales\***, a **Letter of Authorization\***, and **Product ingredient data**; (\*Letter of Attorney and Certificate of Free Sale from the manufacturer or brand owner must be legalized by the Vietnamese Embassy or a Vietnamese Consulate General in Israel. )

### Cosmetic Product Registration Procedure

Local Distributors that import and distribute cosmetics and personal care products in Vietnam should prepare the following documents:

1. Two copies of the Notification form with the proclamation data;
2. Legalized original or notarized copy of the **Letter of Authorization** from the product manufacturer or owner, allowing the registrant to distribute the products in the Vietnam market; and
3. Legalized original or notarized copy of a valid **certificate of free sale (CFS)**. However, the CFS will be exempted for products produced in a member country of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or ASEAN countries.

The required documents are then submitted to the DAV online by local rep distributor, via the [Vietnam National Single Window](#). The process takes up to 7-10 working days for the DAV to issue the result: a receipt number, also considered as the product license number and is valid for 5 years since the issuance date.

## VI. SUMMARY

The cosmetics market in Vietnam is still in its infancy, which poses both advantages and disadvantages for domestic and foreign players. But as skincare and cosmetics have become a daily ritual for many Vietnamese consumers, the market is projected to only grow in the long run. With abundant supplies of organic ingredients and rising demand, Vietnam is a budding market for cosmetics and personal care companies to enter.

## PEST (Political, Economic, Social, and Technological) analysis



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## VII. REFERENCE

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